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WORLD

# U.S., Taiwan Signal Eagerness to Reach Deals on Trade

Officials from both sides to negotiate details covering five areas this weekend



Pressure on democratically governed Taiwan from China has increased attention to the island's global economic importance.

PHOTO: DANIEL CENG/ASSOCIATED PRESS

By *James T. Areddy* [Follow](#) and *Joyu Wang* [Follow](#)

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The U.S. and Taiwan intend to focus on five areas this weekend during their first round of negotiations toward a trade agreement and indicated readiness to break out subset deals as the sides make progress, according to U.S. and Taiwan officials.

The two sides will negotiate proposed texts covering anticorruption measures, small and midsize enterprise trade, good regulatory practices, certain services regulation and trade facilitation, a senior official in the U.S. Trade Representative's office told reporters on Tuesday. The coming meeting in Taipei, between Jan. 14 and Jan. 17, will kick off actual negotiations over proposed texts for an ultimate agreement.

The official said the agenda covers elements where faster progress can be expected and is drawn from 11 trade areas that the two sides previously agreed

to negotiate; for now, the two sides are avoiding more politically fraught sectors such as agriculture and digital trade.

While the official said trade negotiations always take time, the U.S. expects to move quickly with Taiwan and doesn't rule out peeling away "early-harvest" agreements as the sides move forward. A Taiwan trade official cited momentum to propel the talks.

The two sides have spent six months preparing for negotiations and met for two days in November for what the USTR afterward described in a statement as "productive conceptual discussions."

Terry McCartin, assistant U.S. trade representative, led the November talks in New York and will also lead the U.S. side in this month's round in Taipei, while Taiwan's delegation will be led by trade official Yang Jen-ni.

Taiwan looms increasingly large in U.S.-China relations amid Beijing's military, trade and rhetorical pressure on democratically run Taipei. China asserts sovereignty over the island but doesn't govern it, while the U.S. sells arms to Taiwan and says it seeks to maintain peace across the Strait separating the two sides.

China's pressure on Taiwan has also boosted attention to the island's global economic importance, in particular as supplier of roughly 90% of the most sophisticated semiconductor chips across major industries. The U.S. puts two-way trade with Taiwan at around \$115 billion annually, with the island exporting far more to the U.S. than it imports.

The effort, dubbed the U.S.-Taiwan Initiative on 21st-Century Trade, covers a range of areas that might further tighten economic ties and comes as the Biden administration tries to counter China's might in Asia through a broader regional pact, known as the Indo-Pacific Economic Framework for Prosperity. Taiwan had expressed interest in joining the framework, but the U.S. is currently focused on the bilateral format.

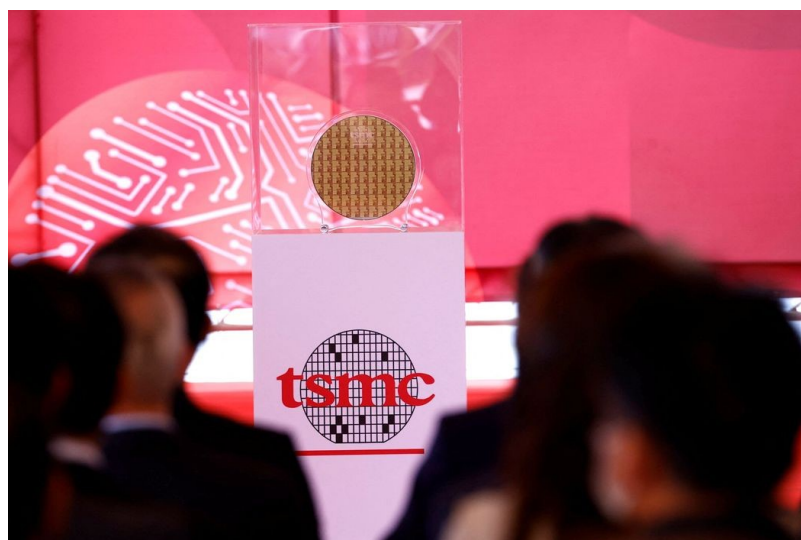
Neither effort is structured like a traditional trade deal to boost trade flows by reducing tariffs and other restrictions on the exchange of goods and services, and instead views trade through a broader lens.

The U.S. official said that the talks with Taiwan are likely to proceed at a quicker pace than the regional framework, and will ultimately exemplify the Biden administration's effort to rethink how trade deals are designed

“We expect that with Taiwan we'll reach agreements and they'll be ambitious,” the official said.

Taiwan's trade representative, John Deng, earlier said the Taiwan side hopes to sign a deal by the end of 2023 and move quickly on certain areas, such as trade facilitation.

“It's been discussed for quite some time and the cooperation between the U.S. and Taiwan is already there,” Mr. Deng said in an October interview with The Wall Street Journal. He met virtually and in person last year with U.S. Trade Representative Katherine Tai.



Taiwan supplies roughly 90% of the most sophisticated semiconductor chips across major industries.

PHOTO: ANN WANG/REUTERS

These meetings conducted in the past six months suggested a strong desire from the two governments to move things forward, according to Roy Lee, director of the Taiwan WTO and RTA Center at the government-backed Chung-Hua Institute for Economic Research in Taipei.

“This is a very intensive negotiation model,” Mr. Lee said. He added that Taiwan President Tsai Ing-wen reaching her term limit in 2024 was among factors that has made it more urgent for her administration to nail down a deal with

Washington.

The U.S. official said Capitol Hill staffers are invited to Taipei, a nod to congressional oversight of U.S. trade deals. The official said Congress has long pushed the administration to deepen its trade relationship with Taiwan: “We’re heeding that call,” he said.

Washington has been careful to point out that trade talks with Taiwan, despite a lack of formal diplomatic relations between the sides, are being conducted in accordance with its one-China policy. Beijing nevertheless says it opposes any form of official interaction between Taiwan and nations that have diplomatic relations with China, including the U.S., to avoid sending signals of support for independence advocates.

The U.S. official said that Taiwan is a major trading partner of the U.S. and that the talks are aimed at strengthening that long-running relationship.

The bilateral negotiations are taking place under the auspices of the American Institute in Taiwan, the de facto U.S. Embassy in Taipei, and the Taipei Economic Cultural Representative Office in the U.S., Taiwan’s representative office in the U.S.

Write to James T. Areddy at [James.Areddy@wsj.com](mailto:James.Areddy@wsj.com) and Joyu Wang at [joyu.wang@wsj.com](mailto:joyu.wang@wsj.com)

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